# GOVERNMENT OF INDIA
# COMMUNICATIONS AND INFORMATION TECHNOLOGY
# LOK SABHA

UNSTARRED QUESTION NO:678
ANSWERED ON:03.08.2011
INCENTIVES TO IT INDUSTRY
Swamygowda Shri N Cheluvaraya Swamy

**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

(a) whether the Government is providing any incentives to registered IT Companies in the country;

(b) if so, the details thereof and the norms and criteria prescribed for the same;

(c) the funds allocated and released for the purpose during the last three years and the current year, company-wise; and

(d) the total income by way of excise duty and other charges remitted by the registered IT Companies during the current financial year?

## Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

(a) and (b): Yes, Sir. Government extends several incentives for Information Technology Sector in the country. Under Software Technology Parks (STP) scheme, approved units are allowed to import goods required by them for carrying on software export activities as per the Foreign Trade Policy. Such goods may be imported either on outright purchase basis or free of cost or on loan basis from the client without payment of custom duty. Apart from this, the approved STP units can avail excise duty exemption on procurement of indigenously available capital goods, components & other specified goods.

Apart from this, Software is exempted from basic customs duty. Furthermore, several items for the IT sector are covered under the ITA Agreement, and hence exempted from customs duty. Section 10AA of the Income Tax Act provides for a deduction from the total income of hundred percent of profits and gains derived by a unit located in a Special Economic Zone (SEZ) from the export of articles or things or from services for the first 5 consecutive assessment years, of fifty percent for further 5 assessment years and thereafter, of fifty percent of the ploughed back export profit for next 5 years.

(c): No sector specific data, company-wise (IT Sector) is maintained by the Government.

(d): As per the Central Board of Excise & Customs, Department of Revenue, Ministry of Finance, the Central Excise duty collection from IT Sector in respect of units registered with Central Excise during the current financial year upto June, 2011 is Rs. 4.47 Crore. Collection from other charges viz. MOT, Fines, Penalties etc. is Rs. 45.3 lakhs only in respect of these units. The `Other Charges` relate to Central Excise duty and do not include Service Tax and Customs Duties.